

BRIGHTON COUNCIL

2011-

ANNUAL
REPORT

2012



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● INTRODUCTION

Brighton Council's Annual Report is comprised of two key parts:

- The first part includes the Mayor and General Manager's reports, together with reports on the major strategies set out in the 2011/12 Annual Plan.
- The second part of the Annual Report incorporates the audited financial statements for the financial year.

History

The Brighton Council area is very rich historically with what we now know as Pontville being first penetrated by early Royal Marine patrols soon after the arrival of Governor David Collins at Sullivans Cove on 21st February 1804.

In 1821, Governor Lachlan Macquarie toured the island and selected sites for five townships, one of which was Brighton, being so called in honour of the favourite place of residence of King George IV. As early as 1822, twelve months after Macquarie's visit, Brighton was being spoken of as the future capital of Tasmania. Although considered again in 1824 and 1825, the proposal was dropped and in 1826 became a military post on the main Launceston to Hobart road.

The Council itself held its first meeting on 19th November 1863. In 1993, some one hundred and thirty years later, there were significant changes as a result of the number of Councils in Tasmania being reduced from forty six to twenty nine. This "amalgamation" of councils saw the "loss" of sixty one percent of rural land. Brighton is now a small council, covering an area of approximately 168 square kilometres.

Brighton is located approximately 25 kilometres from Hobart and forms the northern urban suburb of the Hobart metropolitan region. Prior to the early 1970's, Brighton was principally a rural municipality. The establishment of the large public housing estates in Bridgewater and Gagebrook in the 1970's and private

development in the late 1980's and early 1990's, changed the municipality into more of an urban residential area.

In recent years, commercial and industrial development is increasing in our industrial estate, the largest in the south of the state. Brighton has a population of approximately 16,500 with a median age of 29 years and 95% of the population are under 65 years of age.

Brighton Council continues to set new standards of achievement in local government in Tasmania, and has shown what can be achieved by the local community and council working together. If you would like further information, or wish to comment on any aspect of this report please contact Council on 6268 7000.

Invitation for Submissions:

Members of the community are invited to make submissions on the Annual Report for discussion at Council's Annual General Meeting, which will be held at 5.00pm on Tuesday 11th December 2012. Any person wishing to make a submission should do so by close of business 30th November 2012.





TONY FOSTER OAM JP
MAYOR OF
BRIGHTON

● MAYOR'S MESSAGE

I have been Mayor of our great municipality for 19 years and I am proud to say that Brighton sets the benchmark for municipal councils across Tasmania.

Council's strong financial management has ensured our municipality has achieved the lowest rate increase of any local government in Tasmania – the increase for the past financial year was \$20.80 for each residential property, which is lower than the national rate of inflation. Therefore, annual household rates rose by just 40c per week.

Council's policy is to maintain the lowest rates per capita in Tasmania and the increase must not exceed CPI.

Our Fair Rating System is based on continuing our residential flat rate. Our efficient and pro-active management team allows us keep this commitment to our ratepayers.

The Fair Rating System provides certainty for our ratepayers – there are no nasty surprises – and allows Council to plan with confidence for future services required by our growing community.

Following the recent local government elections, our municipality has an energetic and stable Council to guide our community with confidence into the future. There are exciting developments happening – both residential and in employment opportunities.

However, the biggest challenge for Brighton Council comes from a group of lobbyists who, for their own self-interest, strive for amalgamations in local government.

Let me assure our community that Brighton Council will vigorously oppose any proposal that disadvantages our residents – and amalgamation would do just that.

Brighton Council is debt-free and we have the lowest per capita staff expense and the lowest rates. We are small, but we are efficient!

Why should the proponents of amalgamation wish to see Brighton take on the debts of poorly-performing councils? We certainly won't agree to that scenario.

Our future has never looked brighter. The Brighton bypass and the Brighton Transport Hub are close to completion, empowering our municipality to have an invigorated and sustainable heartbeat in southern Tasmania.

We have launched the Brighton Industry and Housing Corporation, which will maximise the economic and social benefits from Council-owned land and support growth and development in the municipality. The project is based on Melbourne City Council's Docklands development.

We will consult with the business community and interest groups about the corporation's role in securing new investment and jobs.

In the 2011/12 financial year we saw the commissioning – and de-commissioning six months later! – of the Pontville Immigration Centre. The centre provided employment for 120 staff, 70% being Tasmanian. Local businesses also benefitted.

But as well as the benefits to the local economy, there were positive outcomes for the community at large. Volunteers visited those detained at Pontville and assisted in providing a range of activities and programs, including music, arts, cooking, sports and gardening. It was a positive experience both for the volunteers and those they were assisting.

This achievement was noted by the Minister for Immigration, Chris Bowen, who said after the decommissioning of Pontville Immigration Centre: "I would hope other communities around Australia follow Tasmania's lead in demonstrating how positive community support and interaction can have direct benefits for both people in detention and the local community."

Perhaps the greatest trauma to our community was the sudden closure of Brighton Doctors clinic in June 2011, leaving 3000 people without ready and close access to doctors. However, after discussions with Canberra and Practice Management Solutions, the clinic re-opened 10 months later.

In 2012-13, a Super Clinic complex is to be constructed at Brighton, using Federal and Council funds, on land acquired by Council. We are the fastest-growing municipality in the state and our residents have a range of medical needs. The Super Clinic will deliver comprehensive primary health care services.

Another significant development for the community has been the employment of a community development officer. Brighton has the youngest demographic in the state and this officer, who is on Council's payroll, will assist in facilitating youth participation within the community.

We have undertaken this initiative with the co-operation of the Department of Education and Colony 47. Day-to-day management will be shared between Council and the Jordan River Learning Federation. The appointee is focusing on helping young people enter a range of community development projects.

A further benchmark for developing the potential for the younger members of our community is the recently-held 30th birthday celebrations for Little Athletics in the municipality.

I am pleased to record that adult achievers in the community have also been recognised, none more deserving than Graeme Gee, Peter Wylie and Phil Owen, all members of the Old Beach Fire Brigade. They are the first recipients of the Tasmanian Fire Service volunteer medal for serving a minimum of 10 years. In fact between them, these three volunteers have given 75 years service to this wonderful organisation.



Brighton residents recently re-elected their standing councillors, a strong endorsement by the community of the aims and aspirations of Brighton Council. The municipality is indeed fortunate to have this team of committed representatives. The municipality is also fortunate to have a highly professional staff committed to achieving those aims and aspirations of the elected representatives in our community.

We should all be proud that Brighton municipality has set the benchmark for local government across Tasmania.



● GENERAL MANAGER'S MESSAGE

The state's current economic difficulties have an impact on local communities, especially in the areas of health, education, policing and employment. Generally these are issues that are outside the control of local government.

But where challenges directly confront local government in Tasmania, Brighton Council is well-placed to combat them. The greatest single challenge facing Brighton Council and its ratepayers comes from the threat of amalgamation.

In 2011, using funding provided under the Commonwealth Local Government Reform Fund, the Southern Tasmanian Councils Authority appointed a panel to look at potential improvements for local government in southern Tasmania. The panel's report – the *Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania* (also known as the *Munro Report*) – recommended the formation of a Greater Hobart Council, which would include Brighton (along with Clarence, Glenorchy, Kingborough and of course Hobart).

Brighton commissioned an independent local government expert, Professor Brian Dollery, to analyse the *Munro Report*. In his 25-page analysis, Professor Dollery stated: “(The *Munro Report*) has not only failed to present a convincing case for structural change ... its authors have made numerous and erroneous unsubstantiated claims without presenting any supporting evidence, especially with regard to its extravagant estimates of cost savings ... In its assessment of the performance of the Brighton Council, the Panel both misinterpreted existing comparative statistics and ignored important evidence.” Professor Dollery concluded the recommendations in the review were “fatally flawed”.

In Professor Dollery's analysis of the *Munro Report* he found that Brighton is the most efficiently run and “easily the best performed” council in Tasmania. He highlighted that Brighton has:

- the lowest expenses per capita of all Tasmanian councils;
- notably low rates per capita, derived from its unique Fair Rating System (based on



RON SANDERSON
GENERAL
MANAGER

a differential flat rate methodology with rate increases limited to a CPI ceiling).

- Much fewer FTE employees per 1,000 residents than other Tasmanian councils.

According to the Tasmanian Auditor General Report on Local Government Sustainability Brighton Council is the best performed of the Greater Hobart councils on almost every key indicator.

The imminent opening of the Brighton Bypass offers new challenges and opportunities for the future development of Brighton and Pontville townships. Council has continued to upgrade the streetscape in Brighton as well as the entrance and gates of the old Brighton army camp on the Midland Highway.

A group of local and interstate consultants were engaged to develop a new local area plan for the Brighton township. When put into place after public consultation, this plan will steer the future of Brighton in a considered and farsighted manner.

Brighton Council's provision of services to other Tasmanian councils took a couple of new turns during the year:

- Brighton now provides major financial and accounting services to Tasman Council;
- Council hosts asset management software for three other councils (Tasman, Flinders and Glamorgan Spring Bay) as a test for entering cloud based software provision. Engineering staff have assisted these councils in developing asset management policies and long term plans;
- With cloud based technologies now available, Council is developing alliances with other local government IT suppliers to provide software as a service (SaaS) which will dramatically change the way software applications are purchased and delivered.

With the ongoing close working relationship between councillors and staff and the strategic vision for the future, Brighton Council will continue to provide effective and efficient services to its residents.



● COUNCILLORS AS AT 30TH JUNE 2012

CR TONY FOSTER (MAYOR)



Councillor for 24 years,
Mayor since 1993.

Committee Representation:

- Finance (Chairperson)
- Heritage & Environment (proxy)
- Planning

Council Representative:

- Southern Tasmanian Councils Association
- Emergency Management Advisory Committee

CR GEOFF TAYLOR (DEPUTY MAYOR)

Councillor for 27 years,
Deputy Mayor 4 years.

Committee Representation:

- Parks & Recreation
- Planning (Deputy Chairperson)
- Waste Management (Chairperson)

Council Representative:

- Emergency Management Advisory Committee (Deputy Rep)



CR BARBARA CURRAN



Councillor for 16 years.

Committee Representation:

- Finance (Deputy Chairperson)
- Heritage & Environment (Chairperson)
- Waste Management

Council Representative:

- Brighton Primary School Council

CR WAYNE GARLICK



Councillor for 9 years.

Committee Representation:

- Finance
- Parks & Recreation (Deputy Chairperson)
- Planning (Proxy)

CR PETER GEARD



Councillor for 24 years.

Committee Representation:

- Heritage & Environment
- Parks & Recreation (Chairperson)
- Planning
- Waste Management

Council Representative:

- Brighton Senior Citizens Management (Chairperson)
- Local State Emergency Services Co-ordinator
- Southern Waste Strategy Board Joint Authority
- Jordan River Fire Management
- Cycling South

CR LEIGH GRAY



Councillor for 6 years.

Committee Representation:

- Finance
- Parks & Recreation
- Planning (Chairperson)
- Waste Management

Council Representative:

- Southern Waste Strategy Board Joint Authority (Deputy rep)

CR MOYA JEFFRIES



Councillor for 5 years.

Committee Representation:

- Finance
- Heritage & Environment (Deputy Chairperson)
- Parks & Recreation (Proxy)

Council Representative:

- Jordan River Learning Federation School Council

CR SONYA WILLIAMS



Councillor for 6 years.

Council Representative:

- Finance (proxy)
- Heritage & Environment
- Parks & Recreation

Committee Representation:

- Jordan River Learning Federation School Council
- Gagebrook Primary School Council

CR PHILIP OWEN



Councillor for 22 years.

Committee Representation:

- Heritage & Environment
- Planning
- Waste Management

● OVERVIEW AND HIGHLIGHTS

To attain its 2040 vision, Brighton developed a 10-year Strategic Plan identifying eight major objectives to drive Council's planning towards 2016. Council's Annual Plan also incorporates these objectives.

These objectives are to:

- Promote Brighton as a great place to be
- Improve land-use planning by developing a land use and development strategy.
- Maintain and improve the physical infrastructure of the region
- Promote industrial and business growth.
- Form alliances to take projects and strategies forward.
- Improve communication and interaction between residents, community groups and businesses.
- Improve education and training opportunities.
- Ensure provision of improved transport systems.

A great deal was achieved in the past 12 months to meet these 10-year objectives of the 2040 vision. We've ticked a number of boxes against all eight of these objectives:



Promote Brighton as a great place to be.

We have...

...continued the public relations campaign in the *Brighton Community News*, LGAT magazine and the *Tasmanian Business Reporter*.

...completed streetscape projects in Brighton on the Midland Highway.

...completed the Bridgewater Urban Renewal Project i.e. landscaping and beautification of East Derwent Highway at Bridgewater.

...actively promoted Council's fair rating system and sound financial performance.

Improve Land Use planning by developing a land use planning and development strategy.

We have...

...rezoned land in accordance with the recommendations of the Brighton Structure Plan.

...implemented the Bridgewater Local Area Structure Plan into the Brighton Planning Scheme.

...continued to be involved in the Southern Tasmanian Regional Planning Project.

...reviewed public open space and recreation areas in the municipality.

Maintain and improve the physical infrastructure of the region.

We have...

...undertaken safety improvements in Millvale Road, Dromedary

...sealed a section of Millvale Road, Dromedary

...constructed kerb and channel works in Racecourse Road, Brighton and Jetty Road, Old Beach

...undertaken reconstruction works in Briggs Road, Brighton; Back Tea Tree Road, Tea Tree and Yellow Brick Road, Old Beach

...installed a perimeter fence at Cove Creek Oval, Gagebrook

...made improvements and widened Cloak Oval, Old Beach

...continued the Greening Brighton/Landscaping Project

...upgraded council's asset management system



Promote industrial and business growth.

We have...

...continued to support the Greenpoint redevelopment.

...engaged with business and commercial organisations.

Form alliances to take projects and strategies forward.

We have...

...continued to work closely with Glamorgan-Spring Bay; Central Highlands; Tasman; Southern Midlands and Flinders Island Councils.

...provided in excess of 3330 hours of professional local government services to a number of Tasmanian local councils.

...expanded service provision with Microwise Pty Ltd

...continued an alliance with Suva City Council (Fiji).

...further planned and developed the provision of Brighton Council professional services in Tasmania, mainland and overseas.

Improve communications and interaction between residents, community groups and businesses.

We have...

...supported the Brighton Alive website upgrade and administration.

...worked with NGOs such as the Heart Foundation and St Vincent de Paul to promote healthy living and lifestyles.

Improve education and training opportunities.

We have...

...continued to work closely with the Commonwealth and State Governments, the Jordan River Learning Federation, LINC and Child and Family Centre in developing further education facilities at Bridgewater.

Ensure provision of improved transport systems.

We have...

...constructed a bicycle learning track in Seymour Street, Brighton

...made improvements to walking tracks in Pontville

...constructed a new footpath in Andrew Street, Brighton

Public Health.

We have...

...conducted monthly immunisation clinics, annual school immunisations and promoted the need for immunisation.

...ensured proper provision of on-site effluent disposal in compliance with relevant standards.

...undertaken routine inspection of places of public assembly, to ensure compliance with relevant legislation.

...promptly investigated environmental health complaints.

...maintained an effective analysis program for food and general complaints.

...council's annual environmental health budget for 2011/12 was \$15,000 (not including EHO salaries).



PERFORMANCE STATISTICS - ENVIRONMENT AND DEVELOPMENT

	2012	2011
ANIMAL CONTROL		
Total number of dogs registered with Council	3332	3,396
Number of Complaints	140	357
Number of dogs taken to Hobart Dogs Home	315	300

LAND USE PLANNING AND BUILDING		
Number of Development Applications processed	196	300
Number of Subdivision Applications processed	41	60
Total number of new lots created	166 land + 70 Strata lots	100 land + 6 Strata lots
Number of Building Permits processed	206	244
Value of Building Approvals	\$30.3 million	\$78.2 million

ENVIRONMENTAL HEALTH		
Number of Vaccinations	804	1179
Number of Food Premises Registered	69	64
Number of complaints	93	85
Number of Food Samples Taken	10	8
Number of On-site Wastewater Applications	41	35
Total Expenditure on Public Health	\$15,000	\$13,000

● GOVERNANCE

Public Interest Disclosure Act 2002

This report is made pursuant to Section 86 of the *Public Interest Disclosures Act 2002*. No public interest disclosures were made during the 2011/12 year. A copy of Council's Policy on Public Interest Disclosures, adopted by Council under Part 7 of the Act can be obtained by contacting Council's Manager Governance & Human Services on 6268 7027.

Councillors Allowances – Section 72(1)(cb) – Local Government Act 1993

Total amount paid to Councillors, Mayor and Deputy Mayor for allowances, travel and miscellaneous reimbursements for the period 1 July 2011 - 30 June 2012 was \$158,500.

Senior Position – Section 72(1)(cd) – Local Government Act 1993

In accordance with Section 72(1)(cd) of the *Local Government Act 1993*, Council identified the General Manager as holding a senior position. The General Manager's total annual remuneration as specified in subsection (5) of the Act for the financial year 2011/12 was between \$230-\$250,000. This amount includes salary; employer superannuation; value of the use of motor vehicle and value of allowances and/or benefits provided.

Donation of Land Statement – Section 177 – Local Government Act 1993

Section 177 of the *Local Government Act 1993*, requires Council to report on any land donated by Council during the year.

- Council donated Lot 2 (PID 7721417) to the Tea Tree Community Association Inc. The value of the land was \$55,000.

Public Tenders – Local Government (General) Regulations 2005

The *Local Government (General) Regulations 2005* requires that Council reports any contract for the supply or provision of goods and services valued at or above \$100,000 (excluding GST) during the financial year.

One tender was called and awarded during the 2011/12 financial year:

- Reseal Tender – the value of the contract works was \$219,647 and was awarded to Roadways, 28 Jackson Street, Glenorchy, Tas, 7010

Risk Management

Risk Management is an integral part of Brighton Council's management practice. Our aim is to keep risk exposure to a minimum by helping to reduce injuries and potential loss. This process involves identifying potential risks, analysing their potential damage and treating the risks by taking appropriate action.

Our Risk Management Policy and Plan covers areas such as proactive inspections of roads and footpaths, written agreements with clubs/user groups, building and financial services and town planning.

Council continued to make significant improvements in all areas of risk management over the past twelve months and general work practices now involve risk assessments at all levels.

Council is actively committed to the prevention and control of risks throughout the municipality in order to maintain and enhance quality of living for its employees, contractors, residents and visitors.

COUNCILLOR ATTENDANCE

ORDINARY COUNCIL MEETING			
Name	No. of Meetings Held	Attended	%
Cr T Foster (Mayor)	12	11	92%
Cr G Taylor (Deputy Mayor)	12	12	100%
Cr B Curran	12	12	100%
Cr W Garlick	12	12	100%
Cr P Geard	12	12	100%
Cr L Gray	12	12	100%
Cr M Jeffries	12	10	83%
Cr P Owen	12	10	83%
Cr S Williams	12	12	100%

ANNUAL GENERAL MEETING			
Name	No. of Meetings Held	Attended	%
Cr S Foster (Mayor)	1	1	100%
Cr G Taylor (Deputy Mayor)	1	0	0%
Cr B Curran	1	0	0%
Cr W Garlick	1	1	100%
Cr L Gray	1	1	100%
Cr P Geard	1	1	100%
Cr M Jeffries	1	1	100%
Cr P Owen	1	1	100%
Cr S Williams	1	1	100%

PARKS AND RECREATION			
Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr P Geard (Chairperson)	2	2	100%
Cr W Garlick (Deputy Chairperson)	2	2	100%
Cr L Gray	2	2	100%
Cr M Jeffries (Proxy)	0		
Cr G Taylor	2	2	100%
Cr S Williams	2	2	100%
IN ATTENDANCE			
Cr B Curran		2	
Cr M Jeffries		2	
Cr P Owen		1	

HERITAGE AND ENVIRONMENT			
Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr B Curran (Chairperson)	1	1	100%
Cr P Geard	1	1	100%
Cr M Jeffries (Deputy Chairperson)	1	1	100%
Cr P Owen	1	1	100%
Cr S Williams	1	1	100%
Cr T Foster (Proxy)			
IN ATTENDANCE			
Cr W Garlick		1	
Cr L Gray		1	
Cr G Taylor		1	

FINANCE			
Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr T Foster (Chairperson)	4	2	50%
Cr B Curran (Deputy Chairperson)	4	3	75%
Cr W Garlick	4	4	100%
Cr L Gray	4	3	75%
Cr M Jeffries	4	4	100%
Cr S Williams (Proxy)	4	4	100%
IN ATTENDANCE			
Cr P Geard		3	
Cr O Owen		3	
Cr G Taylor		3	

PLANNING			
Name	No. of Meetings Held	Attended	%
Cr L Gray (Chairperson)	7	6	86%
Cr G Taylor (Deputy Chairperson)	7	6	86%
Cr B Curran (Proxy until Nov 11)	2	2	100%
Cr T Foster	7	5	71%
Cr W Garlick (until Nov 11 then proxy from Nov 11)	5	5	100%
Cr P Geard	7	7	100%
Cr P Owen (from Nov 11)	3	3	100%
IN ATTENDANCE			
Cr B Curran		5	
Cr W Garlick		2	
Cr M Jeffries		6	
Cr P Owen		3	
Cr S Williams		4	

BRIGHTON
COUNCIL

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Level 4, Executive Building, 15 Murray Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6226 0100 | Fax: 03 6226 0199
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

Independent Auditor's Report

To the Councillors of Brighton Council

Financial report for the Year Ended 30 June 2012

I have audited the accompanying financial report of Brighton Council (Council), which comprises the statement of financial position as at 30 June 2012 and the statements of comprehensive income, changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Acting General Manager's statement.

Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2012 and financial performance, cash flows and changes in equity for the year then ended; and
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

The Responsibility of the Acting General Manager for the Financial Report

The Acting General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public Sector
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Acting General Manager's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Acting General Manager, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in Council's financial report.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office



H M Blake
Auditor-General

HOBART
26 September 2012

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

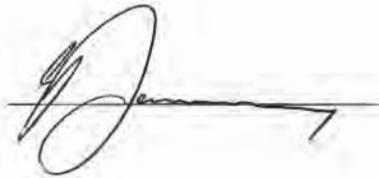
Strive | Lead | Excel | To Make a Difference

BRIGHTON COUNCIL

Certification of the Financial Report

The financial report presents fairly the financial position of Brighton Council as at 30 June 2012 the results of its operations for the year then ended and the cash flows of the Council in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements.

Greg Davoren
Acting General Manager

A handwritten signature in black ink, appearing to read 'Greg Davoren', written over a horizontal line.

14 August 2012

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Notes	Budget 2012 \$	Actual 2012 \$	Actual 2011 \$
CONTINUING OPERATIONS				
INCOME				
Rate Revenues	3(a)(i)	6,703,720	6,872,763	6,469,950
Grants	3(a)(iv)	2,287,716	2,442,964	2,344,699
User Charges	3(a)(v)	147,000	176,741	148,272
Fees and Charges		1,025,900	979,158	788,161
Interest	3(a)(ii)	260,000	262,599	312,482
Other	3(a)(vii)	291,468	293,941	506,401
Professional Services/ Private Works		315,000	319,725	355,463
Distribution from Southern Water		1,070,000	1,065,906	1,025,542
Total Income		12,100,804	12,413,797	11,950,970
EXPENSES				
Materials/Contracts and Other	3(b)(v)	4,583,633	4,743,210	4,107,308
Depreciation and Amortisation	3(b)(ii)	2,312,000	2,399,999	2,459,091
Employee Costs	3(b)(i)	2,626,010	2,697,252	2,490,859
Contributions	3(b)(iv)	833,944	837,419	815,550
Borrowing Costs	3(b)(iii)	0	0	27,931
Professional Services/ Private Works		90,000	148,421	220,428
Donations	4	70,300	68,086	130,310
Aldermanic Allowances		156,000	156,019	151,228
Total expenses		10,671,887	11,050,406	10,402,705
SURPLUS BEFORE		1,428,917	1,363,391	1,548,265
Contributions – non-monetary assets	3(a)(vi)	4,000,000	4,040,796	713,200
Net gain/(loss) on disposal of assets	3(a)(iii)	0	(6,477)	42902
Surplus		5,428,917	5,397,710	2,304,367
OTHER COMPREHENSIVE INCOME				
Fair value adjustment on Available for sale assets	18	123,222	123,222	322,446
Net asset revaluation increments / (decrements)	23	20,395,504	20,395,504	1,708,667
Comprehensive result		25,947,643	25,916,436	4,335,480

The Statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Notes	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	4,492,399	4,202,446
Receivables - Rates	6	91,342	99,592
Receivables - Other	6	183,537	168,988
Other	7	196,424	259,798
Total Current Assets		4,963,702	4,730,824
NON CURRENT ASSETS			
Roads	16	85,936,125	61,384,698
Buildings	13	15,366,742	15,032,643
Drainage	15	19,562,543	19,091,103
Land	8	8,628,381	8,297,380
Bridges	14	1,829,913	1,972,466
Plant and Vehicles	9	885,943	835,067
Furniture and Equipment	11	443,049	479,858
Intangibles	12	74,960	94,601
Small Machinery	10	63,374	32,104
Investment in Southern Water	18	56,311,418	56,188,198
Total Non Current Assets		189,102,448	163,408,118
Total Assets		194,066,150	168,138,942
LIABILITIES			
CURRENT LIABILITIES			
Payables	19	680,285	668,503
Provisions	20	761,626	677,617
Other	21	62,618	116,630
Total Current Liabilities		1,504,529	1,462,750
NON CURRENT LIABILITIES			
Provisions	22	67,611	98,618
Total Non Current Liabilities		67,611	98,618
Total Liabilities		1,572,140	1,561,368
NET ASSETS		192,494,010	166,577,574
EQUITY			
Ratepayers Equity		105,996,993	100,599,284
Reserves		86,497,017	65,978,290
TOTAL EQUITY		192,494,010	166,577,574

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Ratepayers Equity		Asset Revaluation Reserve		Fair Value Reserve		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the Financial Year	100,599,283	98,294,916	61,180,966	59,472,299	4,797,325	4,474,879	166,577,574	162,242,094
Surplus/(deficit) for the year	5,397,710	2,304,367					5,397,710	2,304,367
Other Comprehensive Income: Financial assets available for sale reserve								
- Fair Value adjustment on Available for Sale Assets					123,222	322,446	123,222	322,446
Net asset revaluation increments/(decrements)			20,395,504	1,708,667			20,395,504	1,708,667
Balance at the end of the Financial Year	105,996,993	100,599,283	81,576,470	61,180,966	4,920,547	4,797,325	192,494,010	166,577,574

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash Flows from Operating Activities			
Receipts			
Receipts from Ratepayers, Fees & Charges		10,502,091	10,582,095
Interest Received		262,599	312,482
Government Grants		2,442,964	2,344,699
		<u>13,207,654</u>	<u>13,239,276</u>
Payments			
Payments to Suppliers and Employees		(9,376,417)	(9,423,023)
Borrowing Costs		0	(27,931)
		<u>(9,376,417)</u>	<u>(9,450,954)</u>
Net Cash Flows from Operating Activities	27	3,831,237	3,788,322
Cash Flows from Investing Activities			
Receipts			
Public Bodies Loan repayments		0	12,069
Sale of Land & Buildings		(6,477)	694,504
Sale of Plant and Equipment Assets		0	98,805
		<u>(6,477)</u>	<u>805,378</u>
Payments			
Purchase of Buildings		(591,719)	(482,301)
Purchase of Land		(251,119)	(685,414)
Purchase of Plant and Vehicles & Machinery		(262,891)	(191,719)
Purchase of Intangible		(4,209)	(96,423)
Purchase of Roads, Bridges & Drainage Assets		(2,323,851)	(2,566,694)
Purchase of Furniture and Equipment		(101,018)	(446,317)
		<u>(3,534,807)</u>	<u>(4,468,868)</u>
Net Cash Flows used in Investing Activities		(3,541,284)	(3,663,490)
Cash Flows from Financing Activities			
Repayment of Borrowings		0	(1,060,947)
Net Cash Flows used in Financing Activities		0	(1,060,947)
Net increase/(decrease) in Cash and Cash Equivalents		289,953	(936,115)
Cash at the Beginning of the Financial Year		4,202,446	5,138,561
Cash and Cash Equivalents at the End of the Financial Year	5	4,492,399	4,202,446

The above Statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

INTRODUCTION

The Brighton Council was established in 1863 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 1 Tivoli Rd, Old Beach.

PURPOSE

The purpose of the Council is to:

- provide for the peace, order and good government of the municipal area;
- to promote the social, economic and environmental viability and sustainability of the municipal area;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This financial report is a general purpose financial report that consists of the Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Local Government Act 1993 (LGA1993) (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities. As a result this financial report does not comply with International Financial Reporting Standards.

Basis of accounting

This financial report has been prepared on the accrual and going concern bases.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and Assumptions

In the application of Australian Accounting Standards, Council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The financial statements include the results and balances of Microwise Pty Ltd a 100% owned subsidiary of Council. The requirements of AASB 127 *Consolidated and Separate Financial Statements* have not been applied by the Council on the basis that resultant additional disclosures are not material to the reading and understanding of these financial statements.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the financial report are disclosed in the relevant notes as follows:

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed below.

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 26.

Fair value of property, plant & equipment
Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed below

Impairment of assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income, unless the asset is carried at revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

Investment in Water Corporation

Assumptions utilised in the determination of Council's valuation of its investment in Southern Water are discussed below and in note 18.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Rates, grants and contributions
Rates, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for impairment on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Revenue is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled. Council does not currently have any reciprocal grants

Non-monetary contributions

Non-monetary contributions (including developer contributions) with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-monetary contributions below the thresholds are recorded as revenue and expenses.

User fees and Statutory fees and fines

Fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable.

Sale of property, plant, equipment and infrastructure

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer

Rent

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a revenue received in advance until they are due.

Interest

Interest is recognised progressively as it is earned.

Dividends

Dividend revenue is recognised when Council's right to receive payment is established.

EXPENSE RECOGNITION

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefit related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation and amortisation of property, plant and equipment, infrastructure and intangibles

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Artworks and Land are not depreciated.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	Period
Land	N/A
Land improvements	50 years
BUILDINGS	
buildings	50 years
building improvements	50 years
PLANT AND EQUIPMENT	
plant, machinery and equipment	5-10 years
fixtures, fittings and furniture	5-10 years
computers and telecommunications	5-10 years
leased plant and equipment	5-10 years
ROADS	
road pavements and seals	3-30 years
road substructure	70-100 years
road formation and earthworks	100 years
road kerb, channel and minor culverts	50-60 years
BRIDGES	
bridges deck	20-80 years
bridges substructure	20-80 years
OTHER INFRASTRUCTURE	
footpaths and cycleways	15-40 years
drainage	80-100 years
recreational, leisure and community facilities	80 years
waste management	50 years
parks, open space and streetscapes	50 years
INTANGIBLE ASSETS	
intangible assets	3-10 years

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Finance costs

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

Recognition and measurement of assets

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

The asset capitalisation threshold adopted by Council are disclosed in the following table. Assets valued at less than \$1,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 17. In accordance with Council's policy, the threshold limits detailed below have applied when

recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold
Land	1,000
Land improvements	5,000
BUILDINGS	
buildings	5,000
building improvements	5,000
heritage buildings	5,000
PLANT AND EQUIPMENT	
plant, machinery and equipment	1,000
fixtures, fittings and furniture	1,000
computers and telecommunications	1,000
leased plant and equipment	1,000
ROADS	
road pavements and seals	10,000
road substructure	10,000
road formation and earthworks	10,000
road kerb, channel and minor culverts	10,000
BRIDGES	
bridges deck	10,000
bridges substructure	10,000
OTHER INFRASTRUCTURE	
footpaths and cycleways	10,000
drainage	10,000
recreational, leisure and community facilities	10,000
waste management	10,000
parks, open space and streetscapes	10,000
off street car parks	10,000
INTANGIBLE ASSETS	
intangible assets	1,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition and measurement of assets

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value. Fair value is represented by the deprival value of the asset approximated by its written down replacement cost. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets with sufficient regularity to ensure valuations represent fair value. The valuation is performed either by experienced Council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account at cost and subsequently revalued on a fair value basis. Council does not recognise land under roads that it controlled prior to that period.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

Investments in Water Corporation

Council's investment in Southern Water is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date based on Final Treasurer's Allocation Order in 2011. Council has an ownership interest 6.1% in the corporation. Any unrealised gains and losses on holdings at balance date are recognised through the Statement of Comprehensive Income to a Financial assets available for sale Reserve each year. (refer note 18)

Council has classified this asset as an Available-for-Sale financial asset as defined in AASB 139 Financial Instruments: Recognition and Measurement and has followed AASB 132 Financial Instruments: Presentation and AASB 7 Financial Instruments: Disclosures to value and present the asset in the financial report.

Investments

Investments, other than investments in associates and property, are measured at cost.

Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

date and include appropriate oncosts such as workers compensation and payroll costs.

Annual leave

Annual leave entitlements are accrued on a pro-rata basis in respect of services provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Sick Leave

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This includes all annual leave and unconditional long service leave entitlements.

Interest bearing liabilities

The borrowing capacity of Council is limited by the Local Government Act 1993. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the liability using the effective interest method. Currently Council has no interest bearing liabilities.

Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council currently has no finance leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating leases

Lease payments for operating leases are required by the Australian accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred. Council currently has no Operating leases.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date Council has no leasehold improvements.

Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

Taxation

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Impairment of assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income, unless the asset is carried at revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

Non-current assets held for sale

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and is not subject to depreciation. Non-current assets, disposal groups and related liabilities are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification. Currently Council has no assets held for sale.

Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to Council but are not yet effective. They have not been adopted in preparation of the financial report at reporting date.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments	These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.
	* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;		
	* removing the tainting rules associated with held-to-maturity assets;		
	* simplifying the requirements for embedded derivatives;		
	* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;		
	* allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and		
	* reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:		
	a. the objective of the entity's business model for managing the financial assets; and		
	b. the characteristics of the contractual cash flows.		

● NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 10: Consolidated Financial Statements	This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements and Int 112 Consolidation - Special Purpose Entities</i> , introducing a number of changes to accounting treatments. The Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 11: Joint Arrangements	This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments. This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 12: Disclosure of Interests in Other Entities	This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i> . This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 13: Fair Value Measurement	This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 January 2013.	No financial impact.
AASB 119: Employee Benefits	This Standard supersedes AASB 119 <i>Employee Benefits</i> , introducing a number of changes to accounting treatments. This Standard was issued in September 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 127: Separate Financial Statements	This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> , introducing a number of changes to accounting treatments. This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 128: Investments in Associates and Joint Ventures	This Standard supersedes AASB 128 <i>Investments in Associates</i> , introducing a number of changes to accounting treatments. This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 1053: Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. This Standard is not expected to impact Council. However, it may affect disclosures if reduced disclosure requirements apply.	Applicable for annual reporting periods commencing on or after 1 July 2013.	These amendments are not expected to impact Council.
AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and int 10 & 12]	[Modified by AASB 2010-7]	Applicable for annual reporting periods commencing on or after 1 July 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Introduces reduced disclosure requirements for certain types of entities.	Applicable for annual reporting periods commencing on or after 1 July 2013.	This standard is not expected to have a financial impact.
AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and int 2, 5, 10, 12, 19 & 127]	This Standard makes consequential amendments to other Australian Accounting Standards and interpretations as a result of issuing AASB 9 in December 2010.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.

● **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & 1054]	This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 July 2013.	No financial impact.
AASB 2011-6: Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards - Reduced Disclosure Requirements. There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 July 2013.	No financial impact.
AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]	This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> .	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and int 2, 4, 12, 13, 14, 17, 19, 131, 132]	This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 January 2013.	No financial impact.
AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	Applicable for annual reporting periods commencing on or after 1 July 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and int 14]	The Standard makes amendments to other Australian Accounting Standards and interpretations as a result of issuing AASB 119 Employee Benefits in September 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 2011-11: Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 January 2013.	No financial impact.
AASB 2012-1: Amendments to Australian Accounting Standards - Fair value measurement - arising from Reduced Disclosure Requirements [AASB 3, 7, 13 & 140]	This Standard amends Reduced Disclosure Requirements arising from AASB13 Fair Value Measurement and consequential amendments implemented through AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB13</i> .	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.

● NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively. Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value inclusive of the GST payable. Refer note 24 and 25.

Budget

The estimated revenue and expense amounts in the Statement of Comprehensive Income represent revised budget amounts and are not audited.

2. FUNCTIONS/ACTIVITIES OF THE COUNCIL

(a) Revenues, expenses and assets have been attributed to the following functions/activities, descriptions of which are set out in Note 2(c).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Functions	Expenses		Grant Revenue		Other Revenue		Total Revenue		Increase in Operating Capability		Assets Attributed to Function/Activity	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate Services	1,737,375	1,403,022	0	0	489,531	501,154	489,531	501,154	(\$1,247,844)	(\$901,868)	0	0
Southern Water	0	0	0	0	1,065,906	1,027,278	1,065,906	1,027,278	\$1,065,906	\$1,027,278	56,311,418	56,188,196
Parks and Recreation	869,200	686,656	15,560	14,000	392,564	174,630	408,124	188,630	(\$461,076)	(\$498,026)	8,628,381	8,297,380
Planning & Building	887,316	644,538	0	0	193,541	295,947	193,541	295,947	(\$693,775)	(\$348,591)	0	0
Buildings	764,920	791,422	0	0	40,883	196,741	40,883	196,741	(\$724,037)	(\$594,681)	15,366,742	15,032,643
Roads/Bridges	3,227,785	3,337,733	291,561	660,288	3,996,061	31,037	4,287,622	691,325	\$1,059,837	(\$2,646,408)	107,328,581	82,448,267
Community Services	240,907	335,243	80,108	0	0	491	80,108	491	(\$160,799)	(\$334,752)	0	0
Environ-mental Health	375,137	278,269	0	0	134,096	116,831	134,096	116,831	(\$241,041)	(\$161,438)	0	0
Waste Management	900,432	893,664	0	0	963,140	904,911	963,140	904,911	\$62,708	\$11,247	0	0
Unallocated Services	2,053,811	2,032,158	2,055,735	1,670,411	6,735,907	7,113,353	8,791,642	8,783,764	\$6,737,831	\$6,751,606	\$6,431,028	6,172,456
TOTAL	\$11,056,883	\$10,402,705	\$2,442,964	\$2,344,699	\$14,011,629	\$10,362,373	\$16,454,593	\$12,707,072	\$5,397,710	\$2,304,367	\$194,066,150	\$168,138,942

● **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2012

2. FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)

(b) Reconciliation of Assets from note 2(a) with the Statement of Financial Position at 30 June:

	2012	2011
	\$	\$
Current Assets	4,963,702	4,730,824
Non Current Assets	189,102,448	163,408,118
	<u>\$194,066,150</u>	<u>\$168,138,942</u>

(c) The activities of Council are to be classified into the following functions:

Corporate Services

Operation and maintenance of council chambers, administration offices, maintenance depots and plant and equipment, monitor revenue collections.

Southern Water

Council owns a 6.1% stake in Southern Water.

Parks and Recreation

Development, operation and maintenance of parks, gardens, reserves and sporting facilities.

Drainage

Construction, operation and maintenance of drainage and storm water works.

Planning and Building Services

Administration of the Town Planning Scheme and administration and co-ordination of building applications and monitoring the Building Code.

Buildings

Construction, operation and maintenance of council buildings.

Roads/Bridges

Construction and maintenance of the road and bridge system.

Community Services

Monitor the welfare of the community, youth activities and aged care.

Environmental Health Services

Community health, environmental control, food surveillance, health standards, septic tank applications, pest control, dog and animal control, offensive trades, plumbing, places of public entertainment, caravan licences, complaints and counter disaster.

Waste Management

Operation of the waste transfer station, recycling programmes, monitoring and collection of refuse.

Unallocated Services

Other general services not specifically identifiable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

3. REVENUES AND EXPENSES

	2012 \$	2011 \$
3(a) Operating Revenues		
Council uses a flat residential rate and an AAV based rate as the basis of valuation of all commercial properties within the municipality.		
(i) Rates Revenues		
General	5,418,325	5,065,205
Garbage	792,233	748,233
Fire Levy	631,178	628,597
Penalties	31,027	27,915
	<u>6,872,763</u>	<u>6,469,950</u>
The date of the latest general revaluation of land for rating purposes within the municipality was 1 December 20006, and the valuation will be first applied in the rating year commencing 1 July 2007.		
(ii) Interest		
Interest received or due and receivable from:		
Investments	262,599	312,482
	<u>262,599</u>	<u>312,482</u>
(iii) Profit/(Loss) on Asset Disposal		
Proceeds from Disposal	112,746	793,309
less written down current cost	(119,223)	(750,407)
Gain/(Loss) on Disposal	<u>(6,477)</u>	<u>42,902</u>
(iv) Grants		
Commonwealth Financial Assistance	2,055,735	1,653,911
Roads to Recovery	155,197	155,198
Dept. of Health & Human Services	136,364	409,090
Tasmanian Community Fund	78,258	0
Dept. of Economic Development	15,560	14,000
Dept. of Premier & Cabinet	1,850	0
Dept. of Transport & Regional Services	0	96,000
Local Government Association of Tasmania	0	13,000
Public Works & Engineering Foundation	0	3,500
Total Grants	<u>2,442,964</u>	<u>2,344,699</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

3. REVENUES AND EXPENSES
(CONTINUED)

	Notes	2012 \$	2011 \$
3(a) Operating Revenues (continued)			
<p>The Australian Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. On 11 May 2012 the Government announced in the Commonwealth Budget following the downturn in the economy that, "to assist local councils with planning for the recovery and to ensure local government has maximum certainty to begin planning their 2012-13 works programs", it would bring forward for payment to all councils in June 2012, the first two instalments of the 2012-13 grant pool. Since 2009-10 the Commonwealth has been making early payment of the first quarterly instalment for the following year. However, the above General Purpose and Roads Financial Assistance Grants for 2011-12 thus include an additional instalment over that received in 2010-11. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The effects of the early receipt of instalments each year has resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2011-12 by \$830,616 and 2010-11 by \$419,494. This has impacted the Statement of Comprehensive Income resulting in the Net surplus from continuing operations being higher in both years by these amounts, with fewer instalments due to be received in 2012 / 2013</p>			
(v) User Charges			
Plant Hire		31,080	18,228
Refuse Site Entrance Fees		145,661	130,044
		<u>176,741</u>	<u>148,272</u>
(vi) Contributions			
Land and Buildings identified		204,500	195,301
Subdivision Contributions		3,836,296	517,899
		<u>4,040,796</u>	<u>713,200</u>
(vii) Other			
Community Newsletter		17,473	17,912
Microwise Australia	29	276,468	488,489
		<u>293,941</u>	<u>506,401</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

3. REVENUES AND EXPENSES
(CONTINUED)

	2012	2011
	\$	\$
3(b) Operating Expenses		
(i) Employee Costs		
Wages and Salaries	2,203,439	2,051,950
Superannuation	256,752	243,595
Other Employee Related Expenses	237,061	195,314
	2,697,252	2,490,859
Actual Wages & Salaries for 2012 were \$3,090,305, (\$2,829,445 for 2011) according to the taxation summary. Wages & Salaries costed to capital improvements were \$393,053. (\$338,586 for 2011).		
(ii) Depreciation and Amortisation		
Plant and Vehicles	163,710	160,484
Buildings	257,620	246,739
Intangibles	23,851	12,869
Small Machinery	17,035	11,192
Bridges	108,251	110,187
Drainage Assets	254,145	251,709
Road Assets	1,437,560	1,560,336
Furniture and Equipment	137,827	105,575
	2,399,999	2,459,091
(iii) Borrowing Costs		
Borrowing cost expense interest on debt	0	27,931
	0	27,931
(iv) Contributions		
State Fire Commission Levy	612,407	619,140
Tasmanian Canine Defence League Contribution	40,125	42,615
Local Govt. Association of Tasmania	46,237	38,866
Derwent Estuary Contribution	12,875	12,500
Brighton Training Facility	60,000	60,000
Valuation Charges	56,681	23,091
Southern Tasmanian Councils Association	9,094	19,338
	837,419	815,550

● **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2012

3. REVENUES AND EXPENSES
(CONTINUED)

		2012	2011
		\$	\$
Notes			
3(b)	Operating Expenses (continued)		
(v)	Materials/Contracts and Other		
	Asset Condition Assessment	20,656	24,522
	Bank Fees	24,483	21,517
	Building Maintenance	321,503	293,193
	Collection Fees	40,653	35,813
	Community Newsletter	97,599	71,279
	Contract Recycling	168,425	144,953
	Fire Abatement	8,255	11,889
	GIS CAD & CVS Software	55,624	68,625
	Internal Contractors	305,805	82,887
	Land Tax	48,082	28,677
	Microwise Australia	29	60,495
	Other Materials & Contracts	1,389,561	1,172,809
	Public Liability	42,559	40,533
	Refuse Collection	133,829	137,044
	Reserve Maintenance	653,339	513,039
	Road & Bridge Maintenance	550,139	539,811
	Southern Tas Waste Management	16,040	14,146
	Street Lighting	224,413	158,114
	Waste Bin Replacements	13,520	67,296
	Waste Transfer Station & Tipping Expense	568,230	494,997
		<u>4,743,210</u>	<u>4,107,308</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

4. DONATIONS AND GRANTS

		2012	2011
		\$	\$
GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993			
Brighton Football Club	Halls & Grounds	22,101	21,341
Brighton Junior Football Club	Halls & Grounds	10,540	3,000
Campbell Page Ltd	Community Grant	9,857	0
Brighton SES	Community Grant	9,527	5,000
St Vincent De Paul	Community Grant	9,500	0
Old Beach Cricket Club	Halls & Grounds	9,098	9,760
Brighton Agricultural Society	Halls & Grounds	8,760	7,800
Brighton Playcentre/Playgroup	Halls & Grounds	7,696	7,540
Pete's Community Workshed	Halls & Grounds	7,696	7,540
Bridgewater/Brighton St Johns Ambulance	Halls & Grounds	6,409	0
Pete's Community Workshed	Donation	5,810	0
Brighton Junior Soccer Club	Halls & Grounds	5,440	6,000
Bridgewater PCYC	Contribution	5,000	5,000
Jordan River Services	Donation	5,000	3,000
Brighton CWA	Halls & Grounds	4,576	4,160
Old Beach Scouts Group	Halls & Grounds	4,158	0
Old Beach/Brighton Junior Cricket Club	Halls & Grounds	4,148	0
Anglican Parish of Brighton	Community Grant	3,990	0
Brighton Girl Guides	Halls & Grounds	3,696	0
East Derwent Little Athletics	Halls & Grounds	3,026	5,340
Derwent United Soccer Club	Halls & Grounds	2,380	0
Cycling South	Community Grant	2,000	2,000
Community Transportation	Donation	1,967	0
Old Beach Family Day Care Playgroup	Halls & Grounds	1,848	0
Old Beach Playgroup	Halls & Grounds	1,848	248
Pontville Family Day Care Playgroup	Halls & Grounds	1,848	0
St Vincent De Paul	Halls & Grounds	1,776	0
Brighton Senior Citizens	Halls & Grounds	1,716	7,280
Senior Citizens	Donation	1,660	0
Adult Literacy	Donation	1,500	4,855
Bugeido Karate	Halls & Grounds	1,386	1,176
Good Beginnings Playgroup Pontville	Halls & Grounds	1,386	0
Northern Suburbs Junior Soccer Association	Halls & Grounds	1,360	0
Pulse Dance School	Halls & Grounds	1,155	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

4. DONATIONS AND GRANTS

(CONTINUED)

		2012	2011
		\$	\$
GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993			
Salvation Army	Halls & Grounds	1,152	0
Workskills Inc	Halls & Grounds	1,100	0
Anglicare	Community Grant	1,000	0
Basketball Tasmania	Community Grant	1,000	0
Brighton Playcentre/Playgroup	Community Grant	1,000	0
Derwent Valley Country Music	Community Grant	1,000	0
Jordan River Learning Federation	Donation	1,000	0
Able Australia	Donation	900	900
St Paul's Primary School	Donation	900	1,000
St Vincent De Paul	WTS Entry	893	438
Brighton Heritage Association	Community Grant	800	0
Australian Red Cross	Halls & Grounds	726	115
The Smith Family	Halls & Grounds	724	0
Bridgewater Volunteer Ambulance Unit	Community Grant	560	0
Brighton Agricultural Society	Annual Grant	500	500
Brighton Senior Citizens	Ex-Gratia Payment	500	500
GKR Karate	Halls & Grounds	462	693
Dogs Home of Tasmania	Community Grant	440	418
Helping Hands	WTS Entry	434	504
Veterans Memorial Centre	WTS Entry	329	0
Tagari Lia	Halls & Grounds	275	0
Fisher Nathan	Education Bursary	250	0
Kennedy Teena	Education Bursary	250	0
Sturzaker Shannon	Education Bursary	250	0
Thornton Jayden	Education Bursary	250	0
Yani Sophia	Education Bursary	250	0
Hobart Gymnastics Academy	Halls & Grounds	243	0
Department of Justice	WTS Entry	217	192
The Australian Childhood Foundation	Halls & Grounds	216	0
Southern Poultry Club	Halls & Grounds	169	0
Discovery Early Learning Centre	Halls & Grounds	165	0
Long Steps Ballroom Dancing	Donation	150	0
Bridgewater Nursery	WTS Entry	126	0
Blowfield Madison	Community Grant	100	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

4. DONATIONS AND GRANTS
(CONTINUED)

		2012	2011
		\$	\$
GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993			
Brighton Primary School	Citizenship Prize	100	60
East Derwent Primary School	Citizenship Prize	100	60
Gagebrook Primary School	Citizenship Prize	100	60
Herdsmans Cove Primary School	Citizenship Prize	100	60
Jordan River Learning Federation	Citizenship Prize	100	0
Maddy Scott	Donation	100	0
McGinniss Tyler	Sporting Achiever	100	0
Northern Suburbs Christian School	Citizenship Prize	100	60
St Paul's Primary School	Citizenship Prize	100	60
Uniting Church	WTS Entry	96	0
Jones Angus	Sporting Achiever	75	0
Choose Employment	WTS Entry	63	0
Bridgewater Community House	Donation	50	0
Claremont College	Citizenship Prize	50	50
Davey Veronika	Donation	50	0
Gagebrook Primary School	Donation	50	0
Southern Foster Carers Association of Tasmania	Halls & Grounds	44	0
Daffodil Fundraiser	Halls & Grounds	33	0
The Premiers Disaster Relief Appeal	QLD Flood Appeal	0	50,000
Brighton Football Club	Finance Committee	0	14,776
Campbell Page Ltd	Donation	0	9,999
University of Tasmania	Scholarship	0	5,150
Bridgewater PCYC	Community Grant	0	4,943
Brighton Football Club	Community Grant	0	4,500
Australian Red Cross	Donation	0	3,245
Brighton Junior Youth Football Club	Halls & Grounds	0	3,105
Brighton SES	Development Fees	0	2,721
Northern Suburbs Junior Soccer Association	Halls & Grounds	0	2,250
Christmas Pageant	Community Grant	0	1,500
Old Beach Cricket Club	Community Grant	0	1,500
Community Advertising in the Brighton News	Advertising	0	1,320

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

4. DONATIONS AND GRANTS
(CONTINUED)

		2012	2011
		\$	\$
GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993			
Brighton Junior Cricket Club	Halls & Grounds	0	1,260
Brighton Market	Donation	0	1,000
East Derwent Little Athletics	Donation	0	1,000
Old Beach Scouts Group	Community Grant	0	1,000
Ten Days on the Island Limited	Support 2011	0	1,000
Penguin Club	Community Grant	0	940
Brighton Girl Guides	Community Grant	0	850
Brighton Girl Guides	Community Grant	0	750
Road Safety	Advertising	0	600
Brighton Arts Committee	Halls & Grounds	0	555
Local Government Managers Association	Halls & Grounds	0	412
Workskills Inc	Halls & Grounds	0	378
Brighton Arts Committee	Advertising	0	360
Veterans Memorial Centre	WTS Entry	0	336
Cartledge Jarrod	Education Bursary	0	250
Cocker Claudia-Louise	Education Bursary	0	250
Eberhardt Reuben	Education Bursary	0	250
Elies Grace	Education Bursary	0	250
Johnson Sarah-Lee	Education Bursary	0	250
Kennedy Teena	Education Bursary	0	250
Ransley Samantha	Education Bursary	0	250
Quilters Easter Showcase	Halls & Grounds	0	243
Indigenous Tasmanians Sport	Community Grant	0	222
Camp Quality	Halls & Grounds	0	210
Mount Carmel College	Halls & Grounds	0	143
The Smith Family	Halls & Grounds	0	112
Kemp Kabe	Sporting Achiever	0	100
Booth Kyle	Sporting Donation	0	75
Campbell Ashley	Sporting Achiever	0	75
Hayden Brady	Sporting Achiever	0	75
Bridgewater High School	Citizenship Prize	0	60
Tas Special Child Xmas Party	Donation	0	57
Uniting Church	WTS Entry	0	42
Volunteering Tasmania	Halls & Grounds	0	24
		189,600	225,348

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012	2011
	\$	\$

4. DONATIONS AND GRANTS (CONTINUED)

Financial Donations	68,086	130,310
Donations in kind	121,514	95,038
	<u>189,600</u>	<u>225,348</u>

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at Bank	655,252	905,327
Cash on Hand	3,572	3,572
Term Deposits	3,833,575	3,293,547
	<u>4,492,399</u>	<u>4,202,446</u>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

Leave provisions (note 20,32)	829,237	776,235
Microwise Australia (note 29)	773,839	663,985
Restricted Funds	1,603,076	1,440,220
Total unrestricted funds	<u>2,889,323</u>	<u>2,762,226</u>

6. CURRENT ASSETS - RECEIVABLES

Rates Receivables	91,342	99,592
Other Receivables		
Water Consumption	7,641	13,984
Other Debtors	181,336	159,798
Less Provision for Impaired Debts	(5,440)	(4,794)
	<u>183,537</u>	<u>168,988</u>

7. CURRENT ASSETS - OTHER

Accrued Revenue	147,274	191,023
Work In Progress	0	13,821
Prepayments	49,150	54,954
	<u>196,424</u>	<u>259,798</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012	2011
	\$	\$

8. NON CURRENT ASSETS - LAND

Land at Fair Value	8,628,381	8,297,380
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Fair Value based valuation provided by Valuer General as at 30 June 2007 and indices applied each year since.

9. NON CURRENT ASSETS - PLANT AND VEHICLES

Plant and Vehicles at Cost	1,505,615	1,468,386
less Accumulated Depreciation	(619,672)	(633,319)
	885,943	835,067

10. NON CURRENT ASSETS - SMALL MACHINERY

Small Machinery at Cost	198,388	150,084
less Accumulated Depreciation	(135,014)	(117,980)
	63,374	32,104

11. NON CURRENT ASSETS - FURNITURE AND EQUIPMENT

Furniture and Equipment at Cost	1,580,955	1,479,937
less Accumulated Depreciation	(1,137,906)	(1,000,079)
	443,049	479,858

12. NON CURRENT ASSETS - INTANGIBLES

Software at Cost	285,378	281,168
less Accumulated Amortisation	(210,418)	(186,567)
	74,960	94,601

13. NON CURRENT ASSETS - BUILDINGS

Buildings at Fair Value	16,471,618	15,879,899
less Accumulated Depreciation	(1,104,876)	(847,256)
	15,366,742	15,032,643

Valuation provided by Valuer-General as at June 2007 and indices applied each year since.

14. NON CURRENT ASSETS - BRIDGES

Bridges at Fair Value	5,194,274	5,205,112
less Accumulated Depreciation	(3,364,361)	(3,232,646)
	1,829,913	1,972,466

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012	2011
	\$	\$
15. NON CURRENT ASSETS - DRAINAGE		
Drainage Assets at Fair Value	28,922,730	25,244,377
less Accumulated Depreciation	(9,360,187)	(6,153,274)
	<u>19,562,543</u>	<u>19,091,103</u>

Fair value based on Council revaluation as at 30 June 2012.

16. NON CURRENT ASSETS - ROADS

Road Assets at Fair Value	101,510,002	91,131,519
less Accumulated Depreciation	(15,573,877)	(29,746,821)
	<u>85,936,125</u>	<u>61,384,698</u>

Fair value based on Council revaluation as at 30 June 2012.

17. FIXED ASSETS RECONCILIATION

LAND

Carrying amount at the beginning of the year	8,297,380	8,083,617
Additions	560,619	46,450
Disposals	(105,000)	(30,000)
Adjustment due to revaluation	(124,618)	197,313
Carrying amount at the end of the year	<u>8,628,381</u>	<u>8,297,380</u>

PLANT AND VEHICLES

Carrying amount at the beginning of the year	835,067	750,521
Additions	333,810	277,220
Disposals	(119,224)	(32,190)
Depreciation	(163,710)	(160,484)
Carrying amount at the end of the year	<u>885,943</u>	<u>835,067</u>

SMALL MACHINERY

Carrying amount at the beginning of the year	32,104	31,129
Additions	48,304	12,167
Depreciation	(17,034)	(11,192)
Carrying amount at the end of the year	<u>63,374</u>	<u>32,104</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012	2011
	\$	\$
17. FIXED ASSETS RECONCILIATION (CONTINUED)		
FURNITURE AND EQUIPMENT		
Carrying amount at the beginning of the year	479,858	235,777
Additions	101,018	350,729
Disposals	0	(1,073)
Depreciation	(137,827)	(105,575)
Carrying amount at the end of the year	<u>443,049</u>	<u>479,858</u>
INTANGIBLES		
Carrying amount at the beginning of the year	94,601	11,046
Additions	4,210	96,424
Depreciation	(23,851)	(12,869)
Carrying amount at the end of the year	<u>74,960</u>	<u>94,601</u>
BUILDINGS		
Carrying amount at the beginning of the year	15,032,643	14,396,801
Additions	591,719	645,152
Disposals	0	(14,000)
Depreciation	(257,620)	(246,739)
Adjustment due to revaluation	0	251,429
Carrying amount at the end of the year	<u>15,366,742</u>	<u>15,032,643</u>
BRIDGES		
Carrying amount at the beginning of the year	1,972,466	2,052,196
Additions	73,163	1,499
Depreciation	(108,251)	(110,187)
Adjustment due to revaluation	(107,465)	28,958
Carrying amount at the end of the year	<u>1,829,913</u>	<u>1,972,466</u>
DRAINAGE		
Carrying amount at the beginning of the year	19,091,103	18,328,782
Additions	1,023,137	731,895
Depreciation	(254,145)	(251,709)
Adjustment due to revaluation	(297,552)	282,135
Carrying amount at the end of the year	<u>19,562,543</u>	<u>19,091,103</u>
ROADS		
Carrying amount at the beginning of the year	61,384,698	59,648,813
Additions	5,063,848	3,020,533
Disposals	0	(673,144)
Depreciation	(1,437,560)	(1,560,336)
Adjustment due to revaluation	20,925,139	948,832
Carrying amount at the end of the year	<u>85,936,125</u>	<u>61,384,698</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012	2011
	\$	\$

18. AVAILABLE FOR SALE ASSETS

Investment in Southern Water	56,311,418	56,188,198
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Council has an ownership interest of 6.1% as provided by Southern Water. Council does not have significant influence to allow it to use the equity method to account for this interest.

Council has classified this asset as an Available-for-Sale financial asset as defined in AAB 139 Financial Instruments: Recognition and Measurement and has followed AASB 132 Financial Instruments: Presentation and AASB 7 Financial Instruments: Disclosures to value and present the asset in the financial statements.

There is no active market for the investment and so it is valued at Council's share of total equity as at each balance date. Changes in the fair value are recognised as revenue or expense in the Comprehensive Income Statement each year. Council's investment is disclosed on the face of the Statement of Financial Position with the value being determined as disclosed above. Dividends received from Southern Water are brought to account as income is received.

Council's share of the Corporation's net assets at 30 June 2012 is \$56,311,418 (2011 is \$56,188,196)

Carrying amount at the beginning of the year	56,188,196	55,865,750
Change in fair value of investment	123,222	322,446
Total fair value reserve	56,311,418	56,188,196

19. CURRENT LIABILITIES - PAYABLES

Trade Creditors	119,450	183,820
Accrued Expenses	560,835	484,683
	680,285	668,503

20. CURRENT LIABILITIES - PROVISIONS

Employee Leave Entitlements Provisions		
Annual Leave	350,763	310,680
Long Service Leave	410,863	366,937
	761,626	677,617

21. CURRENT LIABILITIES - OTHER

Deposits held in trust	62,618	94,186
Revenue Received in Advance	0	22,444
	62,618	116,630

Deposits includes monies held in respect of damage indemnity, facilities booking and various performance related sureties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012	2011
	\$	\$

22. NON CURRENT LIABILITIES - PROVISIONS

Employee Leave Entitlements Provisions		
Long Service Leave	67,611	98,618

The provision for long service leave is established at a level sufficient to cover the liability due to employees for leave due in the current financial year plus accrued entitlements due. An inflation factor of 2.1% has been applied where applicable.

23. RESERVES

Bridges Revaluation	1,412,317	1,519,782
Building Revaluation	6,743,536	6,743,536
Drainage Revaluation	10,432,082	10,729,634
Land Revaluation	5,792,499	5,917,117
Road Revaluation	57,196,037	36,270,898
Investment in Southern Water	4,920,545	4,797,323
	<u>86,497,016</u>	<u>65,978,290</u>

MOVEMENTS DURING THE YEAR

Bridge Revaluation

Balance at beginning of year	1,519,782	1,490,824
Revaluation Increment / (Decrement)	(107,465)	28,958
Balance at end of year	<u>1,412,317</u>	<u>1,519,782</u>

Building Revaluation

Balance at beginning of year	6,743,536	6,492,107
Revaluation Increment	0	251,429
Balance at end of year	<u>6,743,536</u>	<u>6,743,536</u>

Drainage Revaluation

Balance at beginning of year	10,729,634	10,447,499
Revaluation Increment / (Decrement)	(297,552)	282,135
Balance at end of year	<u>10,432,082</u>	<u>10,729,634</u>

Land Revaluation

Balance at beginning of year	5,917,117	5,719,804
Revaluation Increment / (Decrement)	(124,618)	197,313
Balance at end of year	<u>5,792,499</u>	<u>5,917,117</u>

Road Revaluation

Balance at beginning of year	36,270,896	35,322,064
Revaluation Increment	20,925,139	948,832
Balance at end of year	<u>57,196,035</u>	<u>36,270,896</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012	2011
	\$	\$

23. RESERVES (CONTINUED)

Adjustment to value of Investment in Southern water

Balance at beginning of year	4,797,323	4,474,877
Revaluation Increment	123,222	322,446
Balance at end of year	<u>4,920,545</u>	<u>4,797,323</u>

Total movements during the year

Balance at beginning of year	65,978,290	63,947,177
Revaluations	20,395,504	1,708,667
Adjustment to value of Investment in Southern water	123,222	322,446
Balance at end of year	<u>86,497,016</u>	<u>65,978,290</u>

NATURE AND PURPOSE OF RESERVES

Asset Revaluation

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB116.

Equity Reconciliation

Total equity at beginning of year	166,577,574	162,242,094
Result from operations	5,397,710	2,304,367
Adjustment to value of fair value reserve	123,222	322,446
Net increase in asset revaluation reserve	20,395,504	1,708,667
	<u>192,494,010</u>	<u>166,577,574</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

24. CONTINGENCIES

There are currently no claims against the Council, its Councillors or any officers which are likely to result in any material liability against Council.

At the present time Council contributes 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

25. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

There are no capital expenditure commitments as at balance date.

(b) Operating Commitments

There are no operating expenditure commitments as at balance date.

(c) Finance Lease Commitments

There were no items of expenditure contracted under finance lease at balance date.

(d) Operating Lease Commitments

There are no operating lease commitments as at balance date.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Fund at 30 June 2011. The review disclosed that at that time the net market value of assets available for funding member benefits was \$57,588,247, the value of vested benefits was \$52,794,839, the surplus over vested benefits was \$4,793,408 and the value of total accrued benefits was \$57,330,437. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

Net Investment Return	0 % pa for 2011/12 and 7.0% p.a. Thereafter
Salary Inflation	4.0% pa
Price Inflation	n/a

The actuarial review concluded that:

1. The value of assets of the Quadrant Defined Benefit Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2011.
2. The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2011.
3. Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2014.

26. SUPERANNUATION

Brighton Council makes Superannuation contributions for a number of its employees to the Quadrant Defined Benefit Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB119, Council does not use defined benefit accounting for these contributions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

26. SUPERANNUATION (CONTINUED)

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% of salaries in 2013/14, and 11% of salaries in 2014/15.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2014 and is expected to be completed late in 2014 or early in 2015.

Council also contributes to other accumulation schemes on behalf of a number of employees, however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the Superannuation Guarantee (Administration) Act 1992.

During the reporting period the amount of contributions paid to defined benefits schemes was \$30,480 (2010-11 \$29,638) and the amount paid to accumulation schemes was \$361,025 (2010-11 \$302,071).

	2012	2011
	\$	\$

27. RECONCILIATION OF SURPLUS / DEFICIT TO NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES

Surplus/(Deficit) Statement of Comprehensive Income	5,397,710	2,304,367
Items Not Involving Cash		
Non Cash Contributions	(4,040,796)	(713,200)
Depreciation and Amortisation Expense	2,399,999	2,459,091
	(1,640,797)	1,745,891
Investing Activity		
Net (Gain)/loss on Disposal of Plant and Equipment	6,477	(42,902)
	6,477	(42,902)
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Rates Receivables	8,250	3,823
(Increase)/Decrease in Other Receivables	(14,549)	306,616
(Increase)/Decrease in Other Assets	63,374	23,238
Increase/(Decrease) in Payables	11,782	(527,898)
Increase/(Decrease) in Provisions	53,002	20,558
Increase/(Decrease) in Other Liabilities	(54,012)	(45,371)
	67,847	(219,034)
Net Cash Flow from Operating Activities	3,831,237	3,788,322

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

28. FINANCIAL INSTRUMENTS

Financial Risk Management and Risk Exposures

Risk Management policies and processes
Council has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

The general Manager has overall responsibility for the establishment and oversight of Council's risk management framework. Risk management policies are established to identify and analyse risks faced by Council, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Council's Liability Insurer Civic Mutual Plus, have provided a Public Liability & professional Liability Report as at December 6, 2011. Council achieved an overall score of 92%.

(a) Credit Risk

Credit risk is the risk of financial loss to Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and cash investments.

The amount of any credit risk associated with financial assets is the carrying amount net of any provision for doubtful debts. Such a risk crystallises when one party to the transactions fails to discharge their obligations. Council's financial assets comprise receivables and cash and cash equivalents.

There is no significant concentration of credit risk with any single debtor or group of debtors. The amount of the debt written off in any one year is immaterial.

Council's credit risk is therefore immaterial. There has been no change in its exposure to or management of this risk since the previous period.

Council's policy in relation to receivables is summarised below.

Debtors of Council are required to settle their accounts within specified terms including:

Rate Debtors

Rates and charges are required to be paid in full by August and may receive a discount of 1.3%. Ratepayers may choose to pay rates and charges by instalments, subject to approved terms and conditions. Should amounts remain unpaid outside of approved payment options, Council will instigate collection proceedings. Rates and charges outstanding past three years may be recouped through sale of property under the Local Government Act.

Other debtors (including loans and advances)

Debtors are required to settle within 30 days of issue of the account. Debtors may apply to Council to pay accounts by instalments, subject to approved terms and conditions. Should amounts remain unpaid outside approval payment options, Council will instigate collection proceedings.

Impairment Losses

The following table provides an ageing of Council's trade and rate receivables at the reporting date.

Trade Receivables	30/6/2012	30/6/ 2011
Not past due	103,159	29,405
Not past due - Water consumption	622	1,577
Past due 0-30 days	-2,962	24,266
Past due 31-60 days	4,545	2,852
Past due 61-90 days	39	12,359
More than 90 days	76,555	90,916
More than 90 days - Rates	91,342	99,592
More than 90 days - Water consumption	7019	12,407
	280,319	273,374

● NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

28. FINANCIAL INSTRUMENTS (CONTINUED)

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No allowance for impairment in respect of trade receivables has been recognised at 30 June 2012.

All rates receivable are in excess of 90 days. No allowance for impairment loss is recognised for rates or water consumption as unpaid amounts represent a charge against the rateable property that will be received when the property is next sold.

(b) Liquidity Risk

Liquidity risk is the risk that Council will not be able to meet its financial obligations as they fall due. Council's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Any debenture loans of Council are secured by trust deed and the total loan borrowings are limited to borrowings approved by Treasury. In accordance with Section 80 of the Local Government Act 1993 (as amended) the borrowing capacity of Council is limited as follows:

Except with the approval of the Minister, a Council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year. Grants made to Council for specific purposes are to be excluded in calculating 30% of the revenue of Council.

Council does not currently have any loans.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

28. FINANCIAL INSTRUMENTS
(CONTINUED)

Maturity analysis for financial liabilities

The following tables detail the undiscounted cash flows payable by Council by remaining contractual maturity for its financial liabilities.

		Floating interest rate	Fixed interest maturing in:			Non-interest bearing	TOTAL
	Note	\$	1 year or less	Over 1 to 5 years	More than 5 years	\$	\$
			\$	\$	\$		
FINANCIAL ASSETS 2012						4,429,399	
Cash and							
Cash	5	4,448,827	0	0	0	3,572	
Equivalents							
Receivables	6		0	0	0	175,896	274,879
		\$4,587,810	\$0	\$0	\$0	\$179,468	\$4,767,278
Weighted avg. interest	3.94%	0.00%	0.00%	0.00%			
FINANCIAL LIABILITIES 2012							
Current Liabilities	21	0	0	0	0	62,618	62,618
Payables	19	0	0	0	0	680,285	680,285
		\$0	0	0	\$0	\$742,903	\$742,903
Weighted avg. interest	0.00%	0.00%	0.00%	0.00%			
FINANCIAL ASSETS 2011							
Cash and							
Cash	5	4,202,446	0	0	0	0	4,202,446
Equivalents							
Receivables	6	113,576	0	0	0	155,004	268,580
		\$4,316,022	\$0	\$16,069	\$0	\$155,004	\$4,471,026
Weighted avg. Interest	5.86%	0.00%	0.00%	0.00%			
FINANCIAL LIABILITIES 2011							
Current Liabilities	21	0	0	0	0	94,186	94,186
Payables	19	0	0	0	0	688,503	688,503
		\$0	\$0	\$0	\$0	\$762,689	\$762,689
Weighted avg. interest		0.00%	0.00%	0.00%			

Council has not defaulted on or breached the conditions of any loans payable recognised at balance date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

28. FINANCIAL INSTRUMENTS

(CONTINUED)

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return to Council.

The primary market risk that Council is exposed to is interest rate risk.

At the reporting date Council had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	2012	2011
	\$	\$
Financial Assets		
Loans and Receivables	274,879	268,580
Cash and Cash equivalents	4,492,399	4,202,446

Sensitivity Analysis of Council's Exposure to possible changes in interest rates

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The analysis assumes all other variables remain constant and was performed on the same basis for 2012.

At 30 June 2012, if interest rates had moved, as illustrated in the table below, profit and equity would have been affected as follows:

Sensitivity Analysis

	Surplus/(Loss)		Equity	
	2012	2011	2012	2011
	\$	\$	\$	\$
+ 200 basis points	91,756	86,320	91,756	86,320
- 200 basis points	(91,756)	(86,320)	(91,756)	(86,320)

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

28. FINANCIAL INSTRUMENTS
(CONTINUED)

(d) Net Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

	30 June 2012		30 June 2011	
	Carrying amount	Net Fair Value	Carrying amount	Net Fair Value
Fair Values				
<i>Financial assets</i>				
Cash and cash equivalents	4,492,399	4,492,399	4,202,446	4,202,446
Receivables	274,879	274,879	268,580	268,580
Investment in Southern Water	56,311,418	56,311,418	55,865,753	55,865,753
	61,078,696	61,078,696	60,659,224	60,659,224
<i>Financial liabilities</i>				
Deposits held in trust	62,618	62,618	94,186	94,186
Payables	680,285	668,503	668,503	668,503
	742,903	742,903	762,689	762,689
Net financial assets	60,335,793	60,335,793	59,896,535	59,896,535
Carrying amounts classified as:				
		30 June 2012	30 June 2011	
<i>Financial assets</i>				
Cash and cash equivalents		4,492,399	4,202,446	
Loans and Receivables		274,879	268,580	
Available for sale financial assets		56,311,418	56,188,198	
		61,078,696	60,659,224	
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost		742,903	762,689	
		742,903	762,689	
Net financial assets/(liabilities)		60,335,793	59,896,535	

● **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2012

28. FINANCIAL INSTRUMENTS
(CONTINUED)

(e) Fair value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the assets or liability that are not based on observable market data.

30 June 2012	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0	0	56,311,418	56,311,418

(f) Reconciliation of Level 3 Fair Value Movements

	30 June 2012	30 June 2011
Opening balance	56,188,198	55,865,753
<i>Gains (losses) recognised in other comprehensive income</i>		
Change in fair value of investment in Southern Water	123,222	322,446
Closing balance	56,311,418	56,188,198

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

29. MICROWISE AUSTRALIA PTY LTD

Microwise is a 100% owned incorporated entity of Brighton Council that has been formed to:

- Own and manage the intellectual property contained in the PropertyWise software product.
- Create and develop new software products to meet the identified needs of existing and potential customers within local government and other public and private sectors.
- Provide software maintenance and technical support to existing customers.
- Provide upgrades and enhancements to a portfolio of products.
- Manage the relationship with marketing organisations to achieve market coverage and representation.
- The Council paid Microwise \$22,074 (2011 - \$21,369) in licence fees during the 2012 financial year.
- Directors Fees of \$28,000 (2011 - \$28,000) were paid during the 2012 financial year.

	2012 \$	2011 \$
Financial Performance		
Revenue	276,468	488,489
Expenditure	60,495	186,164
Profit	<u>215,973</u>	<u>302,325</u>
Brighton Council Equity	<u>\$773,839</u>	<u>\$663,985</u>

The financial performance excludes any internal transactions with Brighton Council. Microwise has been consolidated in the current year financial statements.

Microwise has separate financial statements that are audited by Tasmania Audit Office. The financial statements only identify the consolidated revenue and expenditure under notes 3(a) and 3(b)-(v) respectively due to immateriality.

The directors of Microwise Australia are:
 Clr. Tony Foster
 Mr. Geoff Dodge
 Mr. Gregory Davoren

Mr R Sanderson, Brighton Council's General Manager, is also the General Manager of Microwise. As Microwise is a subsidiary of Brighton Council, all remuneration relating to this role is included and disclosed as part of the total remuneration within the Annual Report.

30. RELATED PARTY TRANSACTIONS

No interests have been notified to the General Manager by any Councillor in respect of any body or organisation with which the Council has material financial dealings.

The Councillors are:
 Cr Tony Foster (Mayor)
 Cr Geoff Taylor (Deputy Mayor)
 Cr Barbara Curran
 Cr Wayne Garlick
 Cr Peter Geard
 Cr Leigh Gray
 Cr Moya Jeffries
 Cr Philip Owen
 Cr Sonya Williams

The usual nature of the transactions between them and Council is:

- to pay rates and other charges;
- to recoup expenses and allowances owing;
- to meet the costs of attendance at various Council events, seminars or functions.

● **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2012

30. RELATED PARTY TRANSACTIONS (CONTINUED)

All of these were normal transactions. Where transactions between Council and the Councillors are of a commercial nature, they are conducted on a normal arms length basis.

31. AUDIT DISCLOSURE

	2012	2011
Audit Remuneration	<u>\$20,470</u>	<u>\$23,820</u>

32. SUBSEQUENT EVENTS

Council has no significant events occurring after reporting date.



Brighton Council

1 Tivoli Road

OLD BEACH TAS 7017

Phone: (03) 6268 7000

Fax: (03) 6268 7013

Email: admin@brighton.tas.gov.au

Website: www.brighton.tas.gov.au

